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Chairman: Mr. Asadi ..... (Islamic Republic of Iran)

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General debate (*continued*)

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The meeting was called to order at 10.10 a.m.

General debate (*continued*)

1. **Mr. Mahbubani** (Singapore) said that one clear lesson to be drawn from the current financial crisis for all developed countries was that they now had an equally strong and urgent interest in a meaningful and constructive North-South dialogue, because their interests were intertwined with those of the developing countries.

2. Developing countries could further enhance the advantages provided by the current crisis by strengthening the processes of globalization. While there was general agreement that globalization was an irreversible force that could do some good, there was also much concern about its dangers. One such danger was the blinding speed at which huge amounts of money could be moved from one part of the world to the other, thus threatening to destabilize developed as well as developing countries. However, unrestricted capital flows were only one dimension of globalization, which provided significant benefits to developing countries, such as increased free trade and foreign direct investment, best practices and knowledge.

3. Both developed and developing countries had benefited from the liberalization in the trade of goods and services, resulting in a considerable expansion of world trade over the past decade. That was why, despite the crisis, Singapore had not changed its fundamental approach towards economic development and would continue to rely on market forces and an open trade regime, allow free capital flows, encourage foreign investments and plug into the global economy. However, Singapore also believed in strong regulatory systems. Globalization had only enhanced the need for good institutions and good government for both the developed and developing countries.

4. There were a number of areas where developing countries could strengthen the process of globalization. The launching of a new round of multilateral reduction of trade barriers would certainly help to strengthen the process. The establishment of the Group of 22 – including both developing and developed countries – could be the starting point for a long-term review of the ability of international financial institutions to deal with the challenges posed by the new global capital markets. Increased collaboration between the United Nations, the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank would also help to strengthen the process of globalization.

5. Countries needed to work together, *inter alia*, to strengthen bank regulation, promote transparency in international financial flows, strengthen the rule of law and reduce corruption – common challenges that confronted both developed and developing countries. However, developing countries could also act unilaterally to strengthen globalization. They could reduce trade barriers among themselves, as the Association of South-East Asian Nations (ASEAN) and the Southern Common Market (MERCOSUR) were doing. The ASEAN trade ministers had, among other things, signed an agreement to liberalize the investment regime of ASEAN by 2010 and also agreed to grant to member countries preferential investment privileges immediately.

6. **Mr. Mapuranga** (Zimbabwe) said that the globalization process that had brought the world's economies closer together had benefited only a few countries. The greatest tragedy and irony of the contemporary world was seeing exceedingly high levels of affluence existing side by side with abject poverty. Zimbabwe did not share the view that development was a zero-sum game in which the success of the developed world could only be achieved at the expense of countries in the developing world, and that the progress of one part of humanity was possible only if the basic needs of the people in the developing world remained unmet. What was needed was socially responsible globalization, one with a human face. The international community should strive to prevent the process of globalization from getting out of control. Countries from the North and the South should work together to eliminate poverty and the social ills wrought by inequities in the global economic situation. Workable partnerships in which development could thrive were needed.

7. The Bretton Woods institutions had exhibited pernicious rigidities and were slow in responding to financial crises. The current year's triennial comprehensive policy review of operational activities for development of the United Nations system was appropriate and timely in view of the decline in resources earmarked for funds and programmes. Indeed, his delegation was particularly concerned about the decline in such resources and expected that priority would be given to the fragility and inadequacy of United Nations development resources during the review.

8. There should be greater consultation, coordination and cooperation, instead of competition, between the Bretton Woods institutions and the United Nations as they pursued their common goal of promoting sustainable human development. Noting that sustained economic growth was impossible without an open international trading system, he

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called for a supportive international economic environment to help developing countries in their valiant efforts to achieve economic growth.

9. The African continent continued to require special attention from the international community. The economic situation in Africa called for decisive action by the international community, which should strive to build on agreements and commitments made at past international conferences. In that connection, he welcomed the hosting of the second Tokyo International Conference on African Development by the Government of Japan and hoped that it would generate fresh financial support for the promotion of human development in Africa.

10. Noting that his Government had recently hosted an expert group meeting in Harare on freshwater development and management, he said that the issue remained important in improving the overall well-being of the people of Africa, and appealed for resources to assist Governments in providing fresh water for all. Moreover, since the provision of affordable energy to all homes was one of the priorities of the World Solar Commission, he hoped that the fifty-third session of the General Assembly would endorse the World Solar Programme 1996-2005.

11. **Mr. Zulu** (*International Monetary Fund*) highlighted the policy considerations emanating from the recent Interim Committee and IMF/World Bank annual meeting discussions. The focus had been on developments in the world economy, strengthening the architecture of the international monetary system and operational issues under implementation. The seriousness of the Asian and Russian crises and the intensity of contagion effects on other emerging market countries had underscored the vulnerability of the international financial system and the need for increased vigilance on the part of member countries and IMF. A key lesson from that experience was the need to address promptly any signs of weaknesses in policies and institutions that were likely to provoke sharp revisions in investor confidence and perceptions of a country's economic prospects. Countries needed to limit the potential damage from shifts in investor sentiment by fostering the development of robust financial systems and depending less on short-term credit flows. As the global economy became increasingly integrated and interdependent, the phenomenon of market contagion would continue to be a challenge to policy makers. The appropriate response to the present crisis was not to turn the clock back on opening markets, but to address vulnerabilities more effectively.

12. While the Fund had no quick fixes, it had been working together with member countries on identifying key initiatives to minimize the risks of further crises and to better manage them. The aim of that task was to create a global system that was stable, sound, open, transparent and fair. The starting point of such a system was the policy environment in the domestic economy. The financial sector distress worldwide had underscored the need for countries to move expeditiously in adopting international best practices in financial supervision, regulation and accounting. Capital account liberalization had to be accompanied by – and preferably preceded by – the strengthening of bank supervision and regulation so that the domestic financial system could cope with the complications ensuing from the free movement of capital. Such issues impinged directly on the health of the international financial system as a whole. In that connection, IMF was introducing and disseminating the Basel Committee's Core Principles for banking supervision and regulation.

13. In forestalling crises, the Fund sought to bolster the macroeconomic environment and the soundness of member countries' policies through a variety of means, including individual country surveillance and the extensive publication of economic data and other critical information. The policy dialogue with members was according high priority to identifying financial sector vulnerabilities with potential macroeconomic implications. In the intensification of multilateral surveillance, the Fund sought to identify financial vulnerabilities and risks with a potential for generating regional and global systemic spillovers.

14. A number of initiatives had been taken in the direction of crisis response, including the creation of the Emergency Financing Mechanism; the Supplemental Reserve Facility had been tailored to fit the special circumstances of financial crises in emerging markets. Fund-supported adjustment programmes now included monitoring prudential and regulatory requirements related to financial sector reforms, such as legal and regulatory improvements, systemic banking restructuring and privatization of banks.

15. The World Bank and IMF would play a catalytic role in developing commonly accepted structural policies and good practices and would jointly exercise the task of disseminating international standards and practices. Such cooperation was designed to ensure that the limited resources in those areas of financial-sector supervision and regulation were efficiently deployed. The two institutions would also make available the necessary technical assistance on a timetable that met countries' needs.

16. At its April 1998 meeting, the IMF Interim Committee had endorsed the *Code of Good Practices on Fiscal Transparency* and welcomed the ongoing work on a code of conduct in monetary and financial policies, which the IMF Executive Board should complete as soon as possible. The case for transparency of monitoring financial policies was twofold: first, transparency encouraged accountability and imposed discipline on policy makers and secondly, transparency could enhance credibility and thereby the effectiveness of monetary and financial policies. The Interim Committee had also noted the need for similar codes and standards on corporate governance, accountancy and insolvency.

17. Over the past 18 months, the Fund had committed over $6 billion in nominal debt relief to seven countries in connection with the Heavily Indebted Poor Countries Debt Initiative. Over the coming months, Chad, Ethiopia, Guinea, Mauritania, the Niger, Sierra Leone, Tanzania, Viet Nam and Yemen would be reviewed for possible eligibility. In addition, preliminary discussions with Guinea-Bissau would be resumed as soon as security conditions permitted. Progress was being made in the implementation of the recently agreed 45-per-cent quota increase – from $200 billion to $290 billion – in the size of the Fund. Twenty-five member countries, including three of the five largest shareholders, had ratified the increase.

18. With regard to the New Arrangement to Borrow, currently 22 of the 25 designated participants, including four of the five largest contributors, had adhered to the decision, bringing the total amount of credit arrangements committed to $35.6 billion.

19. **Mr. Al-Mershid** (Saudi Arabia) expressed his delegation's support for the statement made by the representative of the Group of 77 and China and affirmed his country's readiness to engage in serious and constructive cooperation for the successful culmination of work during the current session. Commenting that the United Nations had achieved relative success in addressing economic issues and furthering development, he said that the international community had a particular responsibility to establish the bases of fruitful and constructive cooperation for the benefit of all States. The creation of a just and equitable international economic system founded on international cooperation demanded the concerted joint efforts of developed and developing countries alike, with special focus on meeting the needs of the least developed countries, lifting trade barriers and surmounting present-day economic obstacles.

20. On another note, he added that the increasing social tension fostered by economic problems in various developing countries demonstrated that the link between economic and social development was instrumental to the security and stability of all societies. It was therefore important for the international community to devote attention to the matter with a view to ensuring the effective economic partnership of the developing countries.

21. His Government supported all efforts aimed at strengthening the role of regional and international development institutions in implementing global development strategies, to which end it consistently attempted to boost its participation in such institutions. In addition, it had made its own great strides forward in the various fields of development over the past 30 years and it constantly endeavoured to provide development assistance to the developing and least developed countries. Indeed, in the context of helping to shape the future of the international economy, it was in the process of acceding to WTO membership.

22. In his country, which attached great importance to the environment and its protection, emphasis was placed on using its natural and environmental resources without affecting future generations and on ensuring that environmental issues were included in its domestic and external policies. As an effective participant in international conferences and seminars on the subject and as a party to numerous relevant international and regional agreements, Saudi Arabia hoped that the international community would address environmental problems with the necessary objectivity, and it called on all States to comply with Agenda 21. It also urged the industrial countries in particular to meet their international commitments concerning the transfer of environmental technology to the developing countries and to avoid selective practices. Moreover, it called for efforts to ensure that, as a phenomenon, globalization remained compatible with religious faith and cultural values and that it was geared towards political and social diversity and pluralism, with a view to building a world of balanced interests and equal benefits and opportunities in which universal justice, peace and prosperity prevailed.

23. His Government conscientiously devoted particular concern to the subject of combating desertification and drought, particularly in the African coastal States, where, at a cost of millions of dollars, it had established a phased programme to combat drought. It had similarly provided loans of over $400 million to finance development projects in the countries of the Intergovernmental Authority on Drought and Development (IGADD). Furthermore, it had

participated in and supported various international activities relating to desertification and drought, while also successfully encouraging its own inhabitants to provide assistance to drought victims in Africa. It therefore looked to the industrialized countries to shoulder their responsibilities in that regard and provide adequate funding to assist the developing countries which suffered from such problems.

24. It equally attached great importance to the Committee's role in implementing the United Nations International Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, as well as the successive General Assembly recommendations on the subject. Of similar importance was the Committee's role in calling on Governments and all bodies working in cooperation with the relevant United Nations agencies to strengthen their capacity to support activities aimed at combating desertification and alleviating the effects of drought in all the developing and least developed countries in question. In conclusion, he expressed the hope that the current economic challenges, which posed a huge responsibility for the peoples and countries of the globe, could be overcome with a view to achieving worldwide prosperity and growth.

25. **Mr. Keruak** (Malaysia) said that his delegation associated itself fully with the statement made by the representative of the Group of 77 and China. Malaysia had been severely affected by the current global financial crisis, which had interrupted its steady economic progress. The Malaysian Government had responded to the crisis by implementing foreign exchange and capital controls and taking measures to stabilize its currency and regenerate economic growth. The National Economic Action Council, which was headed by the Prime Minister, had formulated a national economic recovery plan that emphasized actions aimed primarily at stabilizing the Malaysian ringgit, restoring market confidence and maintaining financial market stability. While those recent measures had been meant to protect the Malaysian economy from the adverse external environment, Malaysia did not wish to isolate itself from the global economy and remained committed to the ongoing process of liberalization and globalization.

26. At the multilateral level, it was necessary to reach agreement on a permanent solution that would enable countries to cope with the current situation and withstand future shocks. There was clearly a need to rethink the design of the international monetary system, since the current system could not cope with the problems facing the countries affected by the crisis. The suddenness of the crisis and the inability of the international community to react quickly to contain it or anticipate further destabilization had clearly shown that a serious international effort must be made.

27. His delegation was concerned at the situation in the developing countries, particularly in Africa. While the Heavily Indebted Poor Countries Debt Initiative represented a major effort to address the severe debt burden of 41 countries, most of which were in Africa, his delegation remained concerned at the problems that had been encountered in implementing the Initiative.

28. In the context of South-South cooperation, Malaysia was continuing to extend assistance to the African countries through the Malaysian Technical Cooperation Programme. Malaysia had encouraged its private sector, which it considered as the primary engine of growth in its own economy, to look beyond Malaysia for continued partnership with African countries through trade and investment.

29. It was high time to focus on the issue of financing for development. External aid to developing countries had steadily declined, and prospects for halting that decline seemed very slim. Total external aid now stood at a meagre 0.22 per cent of the gross domestic product (GDP) of the industrial countries, and official development assistance (ODA) from the seven major industrial countries was only 0.19 per cent of their GDP. His delegation looked forward to the discussions in the ad hoc open-ended working group to formulate a broad agenda for a conference on financing for development.

30. Environmental issues were an integral part of development, and the agreements reached in Kyoto were a significant first step in limiting growth in greenhouse gas emissions worldwide. Nevertheless, many scientific, technical and economic uncertainties about the new mechanisms to control emissions would have to be dealt with. His delegation hoped that the forthcoming session of the Conference of the Parties to the United Nations Framework Convention on Climate Change would focus on such core issues as mobilization of financial resources and the transfer of environmentally sound technologies.

31. **Mr. Jayanama** (Thailand) said that the recent high-level dialogue on globalization, held on 17 and 18 September 1998, had clearly reflected the international community's agreement on the urgent need to solve the current international financial crisis and limit its impact. Experience had shown that comprehensive national economic reform in itself was not sufficient to bring back investor confidence and restore economic growth. Although Thailand had undertaken major economic reforms and had devalued its currency, it was clear that Thailand's speedy economic

recovery would depend on the external environment which, unfortunately, was getting worse.

32. The IMF and World Bank had a vital role to play in mitigating the effects of the crisis, and they needed to improve on their predictions and delivery; they also needed additional resources. In particular, IMF could not function in a meaningful way if $90 billion were not forthcoming. The Group of Seven clearly had the financial and political power to prevent financial volatility, stimulate growth and prevent global recession. They also had the duty to modernize the international financial system. Unfortunately, the outcome of the recent annual IMF/World Bank meeting did not support such a hope.

33. The development activities of United Nations funds and programmes were of great importance to human development and the alleviation of poverty in developing countries. The funds and programmes had a role to play in human and institutional capacity-building, which would help developing countries deal effectively with development challenges. Communication between United Nations agencies and the host countries regarding both administrative and operational aspects was also vital to the success of development activities.

34. There was a need for coordinated efforts between the United Nations and the Bretton Woods institutions in pursuing their development objectives. In order to make the most efficient use of its limited development resources and maximize the impact of its development activities, the United Nations must continue to work closely with civil society, non-governmental organizations and the private sector. In that connection, United Nations agencies should think not only in terms of providing seed money but also in terms of facilitating long-term financial commitments from non-United Nations agencies for those projects.

35. In the area of resource mobilization, the decisions on the United Nations Population Fund (UNFPA) and the United Nations Development Programme (UNDP) funding strategies provided fundamental principles for those agencies to reverse the declining trend of core resources as well as to increase the effectiveness and efficiency of the agencies themselves.

36. The regional dimension of operational activities should be enhanced, particularly in the area of programme formulation and implementation. In that connection, his delegation hoped that the Economic and Social Council's recent resolution on the strengthened role of the regional commissions would be fully implemented by all United Nations agencies concerned. The United Nations Development Assistance Framework (UNDAF) would be instrumental in coordinating United Nations development activities, and his delegation would carefully study the outcome of the UNDAF pilot phase, which would be available at the end of the year, with a view to further improving its future implementation.

37. Thailand strongly supported the idea of South-North and South-South global development partnership. However, such partnership must be in the context of common but differentiated responsibilities. The success of developing countries in implementing their national environment policies was contingent on technical assistance and the transfer of environmentally sound technology from developed countries. Adequate external resources must also be made available to assist developing countries in their continued efforts to achieve environmental development. The forthcoming session of the Conference of the Parties to the United Nations Framework Convention on Climate Change would provide an opportunity for the international community to demonstrate its commitment to protect the global environment and to launch concrete actions to achieve the targeted goal.

38. **Mr. Das** (Nepal) said that his delegation wished to associate itself with the statement made by the representative of the Group of 77 and China. Despite the spectacular progress in technology and the economic liberalization that had come with the end of the cold war and the increasing globalization of the world economy, the least developed nations were being further marginalized. It was therefore the primary responsibility of the world community to mount collective efforts and launch an all-out war on poverty. The developing countries still lacked capital and technology, and they were faced with insurmountable structural handicaps. Many countries, including his own, had made considerable progress in the area of policy reform and institutional adjustments; however, they could not do more without greater international cooperation. One area in which that cooperation was needed was in the global financial system.

39. It was a matter of serious concern that the share of the least developed countries in world exports continued to be below 0.04 per cent, resulting in their marginalization from world trade; moreover, export prices had declined significantly. The least developed countries had been bypassed by international foreign direct investment, despite the dynamism of the investment boom and the general acknowledgment by the private sector of the existence of investment opportunities in those countries. There was an imperative need for more ODA for capacity-building, establishment of basic institutional infrastructure and strengthening of existing development efforts. The United Nations was unquestionably the best-suited instrument for

providing the global management required to address world problems. It was essential, therefore, to strengthen the system's capacity to respond more effectively and efficiently to the changing situation and reinforce international cooperation for development, particularly in the least developed and landlocked countries.

40. **Mr. Calovski** (The former Yugoslav Republic of Macedonia) said that the search for solutions to the problems of international economic cooperation would be successful if it was based on partnership and mutual understanding. The groundwork had been laid through the recent high-level dialogue on the social and economic impact of globalization, the report of the Secretary-General on the work of the Organization and the statement by the Under-Secretary-General for Economic and Social Affairs.

41. His delegation was of the view that, while globalization was irreversible, it could be manageable. Growth was essential for sustainable development, and finding solutions to social problems must be part of economic policy efforts. Democracy, political stability, the rule of law and human rights should be promoted. The international community, led by the United Nations, must not allow the positive expectations for the coming century to vanish. The future of small and weak economies was of particular concern, and actions in their favour were in the interests of all.

42. His country was currently working to preserve its economic stability, increase economic cooperation with other countries and avoid the dangers resulting from conflict in its region which could adversely affect its development. To that end, it had adopted a liberal economic policy and had already concluded many bilateral free trade agreements. Security conditions in the region, however, were not highly conducive to sustainable development. As a small economy, his country saw full integration into the European economy as critical in order to avoid marginalization. The Secretary-General had highlighted the importance of the issue of marginalization of small and weak economies in his report, and had urged the strengthening of multilateral institutions with the aim of harnessing the positive potential of globalization. His delegation believed that the Committee should consider adopting a resolution on a results-oriented approach to the prevention of marginalization.

43. His delegation attached great importance to the establishment of free trade areas, which were extremely important for the integration of many economies into the regional and global economic system. Such arrangements could greatly enhance market access. The role of WTO in international economic cooperation was growing, and membership in that organization should be open to all States.

44. The concept of interdependence was outdated in many respects. Interdependence implied a balanced relationship between equal partners, yet the fact was that in most examples of that type of cooperation, the partners were not equal. It would be more accurate to speak of economies with varying degrees of dependence. The Committee should therefore promote the attitude that no economy should grow at the expense of others. Dependence should not be seen as an obstacle, but as a reality to be taken into account in efforts against monopolies in international economic relations.

45. **Mr. Gómez** (Nicaragua) said that in Nicaragua, government social policies had led to the development of sound and effective economic policy. The general objective was to create the conditions under which the private sector could generate production and create jobs in an environment of stability, dialogue and cooperation. The Government, with the support of the international community, had undertaken significant reforms in the taxation and finance systems, environmental protection and the rational use of natural resources.

46. Nicaragua would be the most open economy in Central America by the year 2000. It had concluded free trade agreements with many of its Central American neighbours and was exploring that possibility with the MERCOSUR countries. The Government saw its role as facilitator and promoter, and it firmly believed in the free market economy with a focus on social justice. It also believed in globalization on a strictly pragmatic level. Globalization, although not a panacea, would undoubtedly promote international unity. However, the hurricane-like forces that could lead to the further marginalization of the most disadvantaged sectors must not be underestimated, nor could the vulnerability of smaller economies in the face of a crisis like the one currently threatening the world economy be overlooked.

47. The foundations of peace, stability and security should be economic and social development. Therefore, more resources must be devoted to international cooperation in that area. The objective of strengthening the economic development of the developing countries must remain unchanged, but the means to achieve that objective must constantly be re-examined to take into account the whole range of economic, political and technological realities, especially the role of the private sector and civil society.

48. **Mr. Hili** (Malta) said that, at a time when social development was being threatened both by the economic

crisis and by the mismanagement of global natural resources, development based on social justice and preservation of the environment for future generations was called for. The economic crisis was affecting the economies of both developed and developing countries, which called for an integrated and global response to provide necessary protection for the most affected countries, promote market confidence and support much-needed growth.

49. The international community must take into consideration the widening gap between the developed and developing countries, which was leading to a world divided by a "poverty curtain". Malta believed that it was of the utmost importance to promote an international economic environment characterized by clearly defined rules and economic cooperation aimed at widening the benefits of globalization. The Government of Malta had reactivated its application for membership in the European Union because it firmly believed that integration was a means for European countries and their citizens to influence their future in a globalized world, and that the single market, with its millions of consumers, had promoted economic activity by stimulating competition, accelerating industrial restructuring and providing a broader range of goods and services to consumers at lower prices.

50. In the concern to promote economic growth and social development, however, it must not be forgotten that the conservation of natural resources and promotion of a healthy environment was a pillar of sustainable development. The special session of the General Assembly on the review of the implementation of Agenda 21 clearly indicated that the state of the environment was worse than it had been at the beginning of the decade. That ran counter to the principles of sustainable development, which integrated socio-economic means and environmental concerns within a framework of democracy, social justice and respect for human rights. A middle course of action must be found between the requirements of an open world economy and human needs. Ongoing environmental degradation was having adverse effects on global life support. Only through cooperation at the international level could negative environmental trends be reversed.

51. Since the Earth Summit in 1992, Malta had taken a number of steps to safeguard its environment and, at the regional level, participated actively in the work of the Mediterranean Action Plan. As a small island State, it also attached special importance to the Barbados Programme of Action for the Sustainable Development of Small Island Developing States and looked forward to the five-year review to be held in 1999. Only through a continued commitment by the international community and efforts at the local level could sustainable development be achieved.

52. **Mr. Ileka** (Democratic Republic of the Congo) said that his delegation wished to associate itself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. His delegation also endorsed the statement made by the representative of Bangladesh, who had presented the position of the group of least developed countries.

53. The last decade had been one of the most difficult his country had ever faced. In response to the need for a major reconstruction effort, his Government had drawn up a three-year reconstruction plan that was geared towards achieving reforms in the judicial, human rights and political spheres. New institutions would be created and a legal framework would be established to prepare for the holding of free, transparent and democratic elections.

54. The reform programme, which would also extend to the economy, envisaged the rehabilitation of the country's infrastructure, the mechanization and modernization of agriculture and the restoration of social programmes relating to the supply of food, drinking water and electric power, as well as health-care and educational programmes. Efforts would be made to promote the recovery of existing industries, fight corruption, reduce unemployment and guarantee security of property and of person. The monetary reform had included the launching of the Congolese franc, the new national currency, on 30 June 1998.

55. The situation in his country had had a particularly negative impact on the population, and social and economic conditions had deteriorated. The damage to the industrial, port and economic infrastructures of the country was estimated at $3 billion for the city of Matadi alone. The three-year programme, which included plans for the reconstruction of the country, had been overtaken by events and become outdated. The eastern region of the country, which had an abundance of natural resources, was not under Government control, and consequently did not make any significant contribution to the economy. There had been no interruption in copper and cobalt production in southern Katanga, but diamond production in Kasai province had been affected, although it was expected to return to normal once the airports were reopened.

56. The armed conflict had begun at a time when the new currency was beginning to stabilize. The war effort had made it necessary to divert a large share of the funds that would have been used to support the currency, and the value of the Congolese franc had declined. This, along with the interruption of exports and imports, had seriously

jeopardized the monetary reforms that had been undertaken. The Government had managed to control inflation, bringing it down from four digits to one; as at 30 June 1998, the rate of inflation was estimated at 7 per cent. At present, however, the most optimistic projections showed that by the end of 1998, the rate of inflation would be in the two-digit range.

57. The armed conflict had forced his country to suspend payment on its arrears of US$ 500,000 per month to the IMF, the last payment having been made in August 1998. His country owed approximately US$ 9 billion in back payments on its foreign debt, and was also considerably behind with domestic payments. Its arrears with IMF were in the range of US$ 500 million. The Government would have to pay around US$ 42 million in order to become eligible for a new IMF programme. Nevertheless, his country had renewed its ties with the Fund and with the World Bank, and had received technical assistance from both institutions. His Government wished to reaffirm its willingness to pursue a constructive dialogue with the international financial institutions in general, and with IMF and the World Bank in particular.

58. Some of the main structural constraints which hindered the economic and social development of his country were the following: GDP had fallen to its 1958 level, while the population had tripled since that date; fiscal revenues were extremely low, i.e., less than 4 per cent of GDP, compared with 17 per cent before independence; public investment was virtually at a standstill; public enterprises in key sectors, including mining, transport and public services, were facing serious financial difficulties; the foreign debt burden was hindering growth; subsistence activities, including agriculture, accounted for 60 per cent of GDP; and urbanization was rising drastically, to the extent that 13 million people lived in urban areas, compared with 3.4 million before independence.

59. His Government wished to thank the United Nations system for having maintained a presence in his country. It appreciated the humanitarian aid which had been provided to the Congolese population by many friendly countries and non-governmental organizations. Nevertheless, humanitarian aid, no matter how effective, was not the solution to all his country's problems. The greatest challenge facing the international community was to restore peace and security in the Central African region. His delegation therefore wished to reiterate its appeal to the United Nations system and, in particular, to the friendly countries which had decided to provide the necessary support, to renew their commitment to the rehabilitation of the Democratic Republic of the Congo.

60. National efforts to launch the three-year plan had demonstrated that with the cooperation of the international community, the country would be able to meet its fixed targets. To that end, another meeting with the "Friends of the Congo" should be held as a follow-up to the Brussels conference. His Government was committed to creating a sound macroeconomic environment in his country, and would like to see greater involvement of the international community in drawing up and implementing macroeconomic reforms.

61. In conclusion, he wished to announce that his delegation would be submitting two draft resolutions under agenda item 20. One would be on the subject of special assistance for the economic reconstruction of the Democratic Republic of the Congo, and the other one would deal with the difficult situation being experienced by the local populations, refugees, displaced persons and repatriated persons from the Great Lakes region. His delegation hoped that the international community would provide financial and technical support to his country in the context of the Programme of Action for the Least Developed Countries for the 1990s.

62. **Mr. Wilmot** (Ghana) said that rampant speculative activities by a few individuals and groups in the financial markets were slowing down the progress that had been made through painful economic reforms and restructuring in most of the developing world. That situation had brought to light the symbiotic nature of global interdependence. There was an urgent need for a global mechanism for surveillance and regulation of short-term capital flows and trade in currencies similar to the global mechanism for regulating trade in goods.

63. As the experience of countries such as Ghana had shown, the policies which some developing countries had been urged to pursue in order to reform and restructure their economies had exacerbated poverty in the short term. In the face of the low foreign direct investments flowing to such countries, it was obvious that ODA would for some time to come remain critical to such countries. His delegation deplored the continuing overall decline in such assistance. Credit must, however, be given to the few countries, including Denmark, Norway, Sweden and the Netherlands, which had met and in some cases even exceeded the United Nations aid target of 0.7 per cent of GDP. His delegation called on all other donor countries to emulate the example of those countries. Unless Member States demonstrated the necessary political will to ensure adequate funding, the potential benefits outlined in the triennial comprehensive policy review and in the draft report of the Ad Hoc Open-

ended Working Group on an Agenda for Development would not be realized.

64. The way countries managed the huge external debt overhang would be critical to the success of the market reforms being pursued by developing countries, especially in Africa. The present approach to the resolution of the debt crisis through the Heavily Indebted Poor Countries Debt Initiative was inadequate. Two years after the launching of the process, only one country had benefited fully from the relief provided. His delegation called on the creditor nations and multilateral institutions to consider cancellation of the debts of those developing countries which were undertaking economic reforms and whose external debt threatened to destroy the gains of structural reform. The proceeds of such cancellations should be channelled into poverty eradication and social development programmes. In that connection, he noted with appreciation the announcement in 1997 by the United Kingdom of its intention to cancel outstanding debts totalling about US$ 210 million owed by some of the poorest Commonwealth States. His delegation called for more cancellations by the United Kingdom and other creditor countries.

65. Considerable attention had been paid to trade issues and their impact on development, and rightly so. However, many developing countries, particularly those in Africa, were falling victim to marginalization because of their inability to compete. His delegation cautioned against any attempt to rule out of existence, in the name of globalization, special arrangements established in favour of vulnerable groups of developing countries. Globalization must have a human face.

66. In the same vein, his delegation called for vigilance in resisting any attempts to impose labour, health, human rights and other standards which were calculated solely to weaken further the capacity of developing countries to compete in the globalized economy.

67. There was considerable scope for intensified cooperation among developing countries, in pursuance of the objective of collective self-reliance. He called on the developing countries to explore all possible avenues for South-South cooperation, and invited the international community to lend its maximum support to such efforts.

68. In conclusion, he stressed that innovative measures were required in order to ensure stability in world markets, growth and development in national economies and opportunities in local communities. The United Nations had a key role to play in all such efforts.

The meeting rose at 12.45 p.m.